



GLOBAL VIEW

Dr Suzanne Corona, head of natural perils at Asia Capital Reinsurance Group, explains the importance of food security

The issue of food security is one of primacy for Asia, if not the world. According to the Asian Development Bank, Asia “faces a formidable challenge of feeding five billion people by 2030”. Central to the issue is the role of the agriculture industry, which currently contributes to between 20 and 50% of intermediate consumption for the production of food in a country.

Apart from the moral considerations of managing food security, history is also replete with examples of the attendant risks to social stability.

Adequate protection of agricultural interests is therefore fundamental in managing food security, an area in which the (re) insurance industry has an important role.

Recent developments have shown the increasing preference of governments to use insurance as a risk transfer tool. They often utilise sustainable risk pool solutions, and subsidise farmers’ insurance to help them mitigate potentially large accumulations of losses from mega catastrophes.

The case for a collective risk management scheme in the form of agriculture pools to mitigate the risks associated with food security is strong.

Take the Southeast Asian grouping of the ASEAN nations for example – a pan-ASEAN agriculture pool could bring together capacity from the member states, who could each take its share of risk in terms of both premiums and losses.

This is the manifestation of the principle of solidarity. The innovative feature of such a pool is that net importing (“consuming”) and net exporting (“producing”) countries are brought together in one scheme.

The issue of food security for Asia is not one that can be optimally managed by a single stakeholder alone – private/public partnerships are the way forward for the development of a sustainable risk management solution for the region, if not, the world. ■